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Rocco O. D'Ascenzo
Senior Counsel

VIA OVERNIGHT MAIL

May 22, 2008

Ms. Stephanie Stumbo
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

RE: Case No. 2008-00100

Dear Ms. Stumbo:

Enclosed please find one original and twelve copies of Duke Energy Kentucky, Inc.'s responses to the Attorney General's Supplemental Requests for Information in the above-reference matter.

Please date-stamp and return the two extra copies of each set of responses in the enclosed envelope.

Sincerely,



Rocco O D'Ascenzo

ROD/amd

cc: Paul Adams
Quang D. Nguyen
Thomas P. Vergamini

RECEIVED

MAY 23 2008

PUBLIC SERVICE
COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing filing was served on the following via overnight mail this 22nd day of May, 2008.

Mr. Paul Adams
Assistant Attorney General
KY Office of the Attorney General
1024 Capital Center Drive
Frankfort, KY 40602-2000

Mr. Quang D. Nguyen
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

Mr. Thomas P. Vergamini
N. KY. Community Action Com.
Taft, Stettinius & Hollister LLP
1717 Dixie Highway, Suite 340
Covington, KY 41011-4704



Rocco O. D'Ascenzo
Amy B. Spiller

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RECEIVED

MAY 23 2008

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF APPLICATION)
OF DUKE ENERGY KENTUCKY, INC.)
TO RE-INSTITUTE A HOME ENERGY) CASE NO. 2008-00100
ASSISTANCE PROGRAM)

RESPONSES OF DUKE ENERGY KENTUCKY, INC. TO
ATTORNEY GENERAL'S SUPPLEMENTAL
REQUESTS FOR INFORMATION DATED MAY 13, 2008

VERIFICATION

State of Indiana)
)
County of Hendricks

The undersigned, Pamela Ball, being duly sworn, deposes and says that I am employed by the Duke Energy Shared Services as Senior Customer Relationship Specialist; that on behalf of Duke Energy Kentucky, Inc., I have supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing response to information requests are true and accurate to the best of my knowledge, information and belief after reasonable inquiry.

Pamela Ball
Pamela Ball

Subscribed and sworn to before me by Pamela Ball on this 21st day of May 2008..

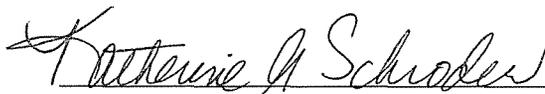
Diane M. Clack
NOTARY PUBLIC

My Commission Expires: April 17, 2014

VERIFICATION

State of Ohio)
)
County of Hamilton)

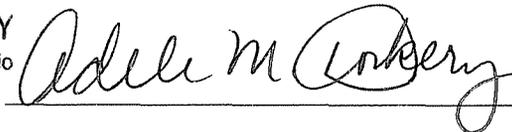
The undersigned, Katherine A. Schroder being duly sworn, deposes and says that I am employed by the Duke Energy Corporation affiliated companies as a Marketing Specialist; that on behalf of Duke Energy Kentucky, Inc., I have supervised the preparation of the responses to the foregoing information requests; and that the matters set forth in the foregoing responses to information requests are true and accurate to the best of my knowledge, information and belief after reasonable inquiry.


Katherine A. Schroder., Affiant

Subscribed and sworn to before me by Katherine A. Schroder, on this 22ND of
May 2008.



ADELE M. DOCKERY
Notary Public, State of Ohio
My Commission Expires
January 5, 2009



Notary Public

My Commission Expires: 1/5/2009

Duke Energy Kentucky
Case No. 2008-00100
Attorney General Second Set Supplemental Data Requests
Date Received: May 13, 2008
Response Due Date: May 23, 2008

AG-SUPP-02-001

REQUEST:

Concerning the proposed administrative funds, please explain in detail how NKCAC is paid, e.g. fixed amount per participant, lump sum, etc.

RESPONSE:

The Program Administrative budget amount is approved in the Contract between NKCAC and DE-Kentucky. NKCAC will invoice DE-Kentucky on a monthly basis for their actual administrative costs incurred up to the budgeted amount. NKCAC's actual monthly administrative costs are determined by the time and material spent administering the program to eligible customers.

PERSON RESPONSIBLE: Kathy Schroder

Duke Energy Kentucky
Case No. 2008-00100
Attorney General Second Set Supplemental Data Requests
Date Received: May 13, 2008
Response Due Date: May 23, 2008

AG-SUPP-02-002

REQUEST:

Please reference the Company's Responses to the Supplemental Data requests of the Attorney General dated April 11, 2008, Question 1. The Company states that total number of customers which could be eligible for benefits under the proposed program is approximately 32, 000. As NKCAC administered the pilot program on behalf of the Company in Case No. 2005-00402, please provide the following:

- a. Total number of participants in the pilot program;
- b. The number of participants in the pilot program within the target range of 150%-200% of the federal poverty guideline level;
- c. The average benefit level paid for all participants in the pilot program;
- d. The average benefit level in the pilot program for the target range of 150%-200% of the federal poverty guideline level;
- e. An estimate of the number of participants in the proposed program at the 150%-200% of the federal poverty guideline level included in the Company's 32,000 estimate;
- f. The number of participants who received benefits under the pilot program and benefits under one or more of the Company's other programs; and,
- g. The average benefit level paid for participants receiving benefits under the pilot program and under one or more of the company's other programs.

RESPONSE:

- a. 3,419 households. Please see Response to KyPSC-DR-02-008, Case No. 2007-00369, March 11, 2008.
- b. Estimated 5% of the 3,419 households
- c. \$56.00 average benefit level
- d. \$27.00 average benefit level
- e. The 32,000 customers (which includes customers in single family owner-occupied households and also customers who rent) referenced as eligible for HEA benefits

included all low income customers up to 200% (0-200%) of the Federal poverty guidelines. DE-Kentucky does not know how many participants it would have in the proposed HEA program either above or below 150% of poverty. Of the 32,000 eligible customers, approximately 8000 are at or above 150% of poverty. The award of funds would be based upon income eligibility at the time of need and the amount of need. Customers at or below 150% of poverty, who have a need, would receive money from WinterCare or LIHEAP, as applicable, and if available first. If available WinterCare funding is insufficient to satisfy the need (there is less than \$300.00 available in the WinterCare fund), then the customer at or below 150% of poverty could receive HEA dollars, up to a total of \$300 in the aggregate. Customers who are between 150 and 200% of poverty are only eligible for HEA funds which would be awarded based upon the amount of need up to \$300.

- f. DE-Kentucky does not track the data in such a manner. The programs are independently administered.
- g. DE-Kentucky does not track the data in such a manner. The programs are independently administered.

PERSON RESPONSIBLE: Kathy Schroder/Pam Ball

Duke Energy Kentucky
Case No. 2008-00100
Attorney General Second Set Supplemental Data Requests
Date Received: May 13, 2008
Response Due Date: May 23, 2008

AG-SUPP-02-003

REQUEST:

Please reference the Company's Responses to the Supplemental Data requests of the Attorney General dated April 11, 2008, Question 5. The Company states that the formula used by NKCAC to qualify participants under the proposed HEA program will not include cash value benefits received by the participant from any public or private agency and notes that no federally funded assistance programs considered these types of benefits as income. As the proposed program is funded by ratepayers and is NOT federally funded, please provide a detailed explanation as to why the Company believes that it is appropriate to exclude the cash value of other benefits received by participants in income calculations.

RESPONSE:

Eligibility for HEA assistance is determined solely by income that the customer has when applying for assistance. The same process is used for the federally funded LiHEAP. Any other assistance a customer receives such as faith-based ministry donations, food stamps, private funds, other low-income programs, etc., is not considered as income for program eligibility purposes. It would be an administrative burden for any agency or DE-Kentucky to track assistance a customer may receive from such other sources. To do so would likely increase program administration costs substantially. Income is verified based upon verifiable information including but not limited to tax returns if any, pay stubs, social security benefits, etc. The receipt of funds however for qualifying customers is based upon need that is capped under program guidelines. The purpose of the HEA program is to help low income customers who need assistance to manage their energy burden. An applicant's income is a key component to determine program eligibility. The amount of program funds awarded is based upon the household's need at that time and available program funds. Arbitrarily excluding program benefits undermines the purpose of assistance when the issue of need is not considered.

PERSON RESPONSIBLE: Pam Ball

Duke Energy Kentucky
Case No. 2008-00100
Attorney General Second Set Supplemental Data Requests
Date Received: May 13, 2008
Response Due Date: May 23, 2008

AG-SUPP-02-004

REQUEST:

Please reference the Company's Responses to the Supplemental Data requests of the Attorney General dated March 11, 2008, Question 1 and April 11, 2008, Question 5. In its responses, the Company notes that it is responding to a request from NKCAC in proposing the subject program.

- a. To the extent that the Company is knowledgeable, please explain in detail what efforts, and their results, NKCAC took in addressing this shortfall prior to contacting the Company and the results of these efforts. If the Company has no information concerning these efforts, please explain in detail why the Company did not inquire as to same prior to its current proposal.
- b. Please explain in detail why the Company believes ratepayers should be required to address this shortfall in light of the failure of NKCAC's other efforts.

RESPONSE:

- a. Duke Energy Kentucky is aware that NKCAC contacted the news media, put information regarding the shortfall in LIHEAP on its Web site and requested donations, called other service providers to alert them to the problem, contacted the United Way and Greater Cincinnati Foundation to inquire about the possibility of an emergency grant through those sources, and contacted Duke Energy Kentucky. In addition, on the state level, community action agencies advocated for state funding to offset the shortfall, but were unsuccessful in that effort.
- b. The proposed HEA program would result in an annual cost of \$1.20 for a gas or electric customer and \$2.40 for a customer with both gas and electric service. This cost is minimal when compared to the benefits of the program. For low income families, the affordability of home energy costs is often out of reach, especially in economic downturns, when gasoline, food and other costs are rising so quickly.

Without resources to help during such times, the danger is that families in crisis fall further into debt, and require additional public assistance beyond what the HEA program or other non-energy related assistance programs can offer. All customers suffer when the utility's uncollectible accounts rise and there is no option than to disconnect.

PERSON RESPONSIBLE: Pam Ball

Duke Energy Kentucky
Case No. 2008-00100
Attorney General Second Set Supplemental Data Requests
Date Received: May 13, 2008
Response Due Date: May 23, 2008

AG-SUPP-02-005

REQUEST:

Please reference the Company's Responses to the Supplemental Data Requests of the Attorney General dated April 11, 2008, Question 2. In regard to the statement by the Company that the program would initially "target" customers at 150%-200% federal poverty guideline level, please explain in detail what the Company means in light of its letter of May 5, 2008 indicating that the "program is designed to offer benefits to low income customers up to 200% of the federal government poverty guidelines". How are participants in the 150%-200% level "targeted."

RESPONSE:

The Home Energy Assistance Program (HEA) dollars would be available to customers who have 0%-200% income level. Under Federal poverty guidelines customers who have an income level between 150-200% of poverty are still considered to be low income qualifying. Currently, there are no energy assistance programs available for this range of low-income customers. This lack of programs, however, does not logically lead to the conclusion that low-income customers who happen to fall between 150-200% of poverty do not desperately need assistance. The HEA program is designed to: (1) address the lack of assistance for those low-income customers (or "target" 150-200% of poverty); and (2) address funding shortfalls for qualifying customers at or below 150% when LIHEAP and/ or weatherization dollars, as applicable, are seasonally unavailable or fully expended.

PERSON RESPONSIBLE: Pam Ball

Duke Energy Kentucky
Case No. 2008-00100
Attorney General Second Set Supplemental Data Requests
Date Received: May 13, 2008
Response Due Date: May 23, 2008

AG-SUPP-02-006

REQUEST:

Please reference the Company's Responses to the Supplemental Data requests of the Attorney General dated April 11, 2008, Question 3. Please provide the correct income levels of participants of the program in light of the statement by the Company in its May 5, 2008 letter indicating that the "program is designed to offer benefits to low income customers up to 200% of the federal government poverty guidelines."

RESPONSE:

Please see Response to AG-Supp-01-006, April 11, 2008. The Attorney General's Question 3, which DE-Kentucky responded to on April 11, 2008, discusses emergency assistance funding sources, not income levels. DE-Kentucky assumes the Attorney General is referring to the Question 3 from March 11, 2008. DE-Kentucky's response to question 6, April 11, 2008, also discusses income levels for qualifying customers and includes the answer to the Attorney General's question above. For convenience, the chart previously provided is included below. Under the proposed HEA program, low income customers up to 200% of the federal government poverty guidelines would be eligible for benefits. The chart below shows the income levels, per the 2008 Health & Human Services Federal Poverty Guidelines.

Size of family unit	100% of Poverty	110% of Poverty	125% of Poverty	150% of Poverty	175% of Poverty	185% of Poverty	200% of Poverty
1	\$10,210	\$11,231	\$12,762	\$15,315	\$17,867	\$18,888	\$20,420
2	\$13,690	\$15,059	\$17,112	\$20,535	\$23,957	\$25,326	\$27,380
3	\$17,170	\$18,887	\$21,462	\$25,755	\$30,047	\$31,764	\$34,340
4	\$20,650	\$22,715	\$25,812	\$30,975	\$36,137	\$38,202	\$41,300
5	\$24,130	\$26,543	\$30,162	\$36,195	\$42,227	\$44,640	\$48,260
6	\$27,610	\$30,371	\$34,512	\$41,415	\$48,317	\$51,078	\$55,220
7	\$31,090	\$34,199	\$38,862	\$46,635	\$54,407	\$57,516	\$62,180
8	\$34,570	\$38,027	\$43,212	\$51,855	\$60,497	\$63,954	\$69,140

PERSON RESPONSIBLE: Pam Ball

Duke Energy Kentucky
Case No. 2008-00100
Attorney General Second Set Supplemental Data Requests
Date Received: May 13, 2008
Response Due Date: May 23, 2008

AG-SUPP-02-007

REQUEST:

Please reference the Company's Responses to the Supplemental Data requests of the Attorney General dated April 11, 2008, Question 7. The Company's response indicates that the proposed program targets customers at the 150%-200% federal poverty guideline level. In light of the statement by the Company in its May 5, 2008 letter indicating that the "program is designed to offer benefits to low income customers up to 200% of the federal government poverty guidelines," please provide a corrected response indicating whether any overlap is possible between the proposed program and any other program offered by the Company and the degree of any such overlap.

RESPONSE:

DE-Kentucky does not arbitrarily exclude residential customer participation from a DSM program simply because a particular customer has participated in one of the Company's other programs. Customers who participate in the low-income programs may also participate in other programs since they contribute to the cost recovery of all residential programs. Therefore, a customer who receives HEA assistance could potentially participate in other programs such as DE-Kentucky's compact fluorescent light redemption coupons. DE-Kentucky does not track data on customers who benefit from multiple DSM programs. However, as shown in the chart below, participation levels between the three low-income programs may be limited due to funding, need, or the \$300 cap on program benefits between WinterCare and HEA. Under the proposed HEA guidelines, customers who receive HEA funds will be referred for weatherization. Accepting these weatherization services would provide a longer-term solution in helping them better manage energy costs.

Client Income Level	LIHEAP* (0%-130%)	WinterCare** (0%-150%)	HEA*** (0%-200%)	Local Discretionary Funds
0%-130%	Subsidy based on a formula; eligible for up to \$250 for the Crisis program	<ul style="list-style-type: none"> Eligible if a need exists <u>after</u> LIHEAP benefits are exhausted May receive benefits from either or both programs, but benefit amount in the aggregate is capped at \$300 during assistance period 		If funds are available
131%-150%	NOT ELIGIBLE	<ul style="list-style-type: none"> May receive benefits from either or both programs, but benefit amount in the aggregate is capped at \$300 during assistance period 		If funds are available
150%-200%	NOT ELIGIBLE	NOT ELIGIBLE (except if they are exactly at 150%)	Up to \$300 annually	If funds are available

PERSON RESPONSIBLE: Pam Ball